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Classified By: POLCOUNS Brian R. Naranjo. Reasons: 1.4 (b) and (d).

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Summary  
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¶11. (U) Welcome to edition II of the Panama Post! We hope that our readership will enjoy the following items and that they will enhance your understanding of Panama's political environment:

-- Terrorist possible next National Assembly President;  
-- Balbina Herrera may be Revolutionary Democratic Party (PRD) nominee for president;  
-- Catholic prelate calls for social justice; and  
-- Paving the way to another PRD victory.

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Terrorist Possible Next National Assembly President  
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¶12. (C) Pedro Miguel Gonzalez would be the next President of the National Assembly, PRD National Executive Committee (CEN) Member Samuel Buitrago said on June 20, confirming rumors that the Panama Post has been hearing. Ineligible for a visa for his terrorist activity, Gonzalez is wanted in the U.S. for the 1992 murder of U.S. serviceman Zak Hernandez. Buitrago acknowledged that the PRD CEN had discussed and greenlight Gonzalez's candidacy. Asked by the Panama Post how, of the forty plus PRD deputies, the PRD could settle on a known terrorist as its next National Assembly President, Buitrago answered, "We have our business; you have your business."

¶13. (C) Comment: Rumors regarding the prospect that Gonzalez would be the next President of the National Assembly have been circulating and are now becoming more insistent. In our on-going outreach to GOP officials and PRD leaders, post will underscore that selection of Gonzalez for this post would be seen in a very negative light, note that this development would have a negative impact on our bilateral relationship, and urge that a wiser choice be considered.

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Balbina's Star Rising for PRD Presidential Nomination  
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¶14. (C) Current Minister of Housing Balbina Herrera would likely win the PRD's presidential nomination, Buitrago told the Panama Post on June 20. Buitrago said that current First

VP and FM Samuel Lewis was going nowhere in the PRD's own internal polls, barely beating the polls' margin of error. Lewis' reputation as the darling of the PRD elite was eroding, Buitrago commented, as the party "elite and oligarchy" (e.g., the powerful Motta clan) were accepting and even championing in private Herrera. Presently, Herrera was running about three percentage points behind current Panama City Mayor Juan Carlos Navarro, Buitrago asserted. Herrera, he argued, had wider appeal across the PRD spectrum and was perceived as being a more of a team player, a critical concern amongst the rank and file of Panama's largest party. In contrast, Navarro was seen as selfish and likely to rely upon and govern with only those PRD members who figured prominently within his clique. Buitrago predicted a three-way race in the PRD primaries for the presidential nomination between Herrera, Navarro, and former President Ernesto "El Toro" Perez Balladares that Herrera would handily win.

¶15. (C) Comment: The Panama Post has heard rumors for months that Herrera was contemplating a presidential run. Herrera herself has been decidedly coy and aloof, both in private comments to the Panama Post and in public. Though Navarro polls the best of all the PRD presidential pre-candidates, there is a wide perception that he is reaching his limit and will be held back by high negatives. Herrera is widely admired for her adept political skills, especially at the grass-roots level. While the writing may be on the wall that Torrijos' preferred successor Lewis is not getting any political traction, the Panama Post does not discount the prospect that Torrijos -- in typical fashion -- will anguish over whether to shift his backing to Herrera.

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Archbishop: "No equality or social justice"  
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¶16. (U) "We need a development policy that achieves equality and social justice," Panama's Archbishop Jose Dimas declared during his June 17 homily before 15,000 faithful assembled at Panama City's Roberto Duran sports complex for the thirty-seventh annual Eucharistic Mass. In his unexpectedly political comments, the prelate lauded Panama's exceptional economic growth in recent years but -- in what has been widely interpreted as a jab at the Torrijos Administration -- said that they had to lead to improvements in the quality of life for all Panamanians. The Archbishop also, among other things: (1) called for a law that favored the users of public transportation; (2) urged GOP authorities not to rest until justice was done regarding the diethylene glycol poisoning case; and (3) rejected any increase in the price of the basic food basket and fuel prices. Taken by surprise, governing PRD representatives on hand for the mass -- including, Minister of Housing Balbina Herrera, Minister of Public Works Benjamin Colamarco and National Assembly President Elias Castillo, both of whom were seated in the front row -- brushed aside the explicit criticism of the government and said that these were promises that the PRD, the government and the Panamanian people were committed to fulfilling. Opposition politicians -- most notably former President Guillermo Endara -- piled on to Dimas' comments to more directly criticize the Torrijos Administration.

¶17. (SBU) Dimas uncharacteristically did not shy away from hitting the GOP on three hot political topics. Siding with public transportation users, Dimas' remarks were a slam PRD deputies who, acting to protect the interests of public transportation providers, have been stalling reform legislation despite the enormous out-cry in the wake of a horrific October 2006 bus fire. Perhaps sensing GOP uneasiness with where the diethylene glycol poisoning case would lead (some speculate that it might topple Minister of Health Alleyne), Dimas added his voice to others calling justice to be done. Finally, touching upon the rising cost of living, Dimas addressed the most salient political issue currently on voters minds. Responding to the opposition's pile-on to Dimas' remarks, Presidential Communications Secretary Erich Rodriguez Auerbach acknowledged on June 20

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that the archbishop had "boxed the ears of all Panamanians." Seeking to spread the blame, Rodriguez asserted that all Panamanians, not just the PRD, needed to heed the prelate's words.

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Paving the Way to Victory  
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**¶8.** (U) Former Noriega-era Dignity Battalion Commander and current Minister of Public Works (MOP) Benjamin Colamarco is in the midst of managing a road building boom in Panama City timed to conclude three to five months before the May 2009 elections. In addition to extending the Southern Highway (Corredor del Sur) around Panama City by building out into Panama Bay, MOP is launching work on nine vehicle bridges and numerous other road projects to alleviate pressure on Panama City's congested and overburden roads. Opposition politicians, however, assert that the Torrijos Administration is using state coffers for its own political benefit. Democratic Change (CD) Political Committee President Roberto Henriquez, Movement of Liberal National Republicans (MOLIRENA) President Gisela Chung, and Patriotic Union (UP) co-President Anibal Galindo have rejected the PRD's use of the roads projects for political proselytizing.

**¶9.** (SBU) Comment: The PRD has a long history of paving Panama to win votes and support. Sitting on a significant budget surplus, the Panama Post anticipates a mini-boom in MOP projects -- in addition to canal expansion project being carried out by the Panama Canal Authority (ACP) -- over the next eighteen to twenty-four months leading up to the May 2009 elections.

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